



BABYLON

PUMP & POWER LTD

Half Year FY2023 Presentation
Results and Growth Outlook

20 February 2023

ASX:BPP



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About Babylon Pump & Power Ltd



Establishing a portfolio of specialty, essential services highly-valued by major resources companies



Specialised water management equipment rental and services



Rental of portable temporary power



Environmental and industrial services (Ausblast)



Progressing a pipeline of water management and hybrid power opportunities

HY FY23 Financial Results

Key Takeaways

BPP experienced a solid start to FY23 under its renewed strategic focus, transitioning to positive EBITDA and recording improvements in all key financial metrics.

Completed two acquisitions (August 2022 and January 2023) to expand services and capabilities in specialty water management sector.

Delivered business improvements and operating efficiencies placing BPP in a strong position moving into the second half of FY23.

Annual bank review completed during the period with all existing facilities renewed.

EBITDA

\$0.7M

(H1 FY22: -\$0.4M) **+269%**

Revenue

\$13.7M

(H1 FY22: \$13.7M) **0%**

OP. Cash Flow

-\$0.6M¹

(H1 FY22: -\$1.3M) **+55%**

Available Funding

\$4.2M²

(H1 FY22: \$2.5M) **+68%**

1. The increase in business activity, together with the timing of certain payments resulted in negative operating cash flow but nevertheless a 55% improvement in operating cash flow for the six-month period compared to the corresponding prior period. Operating cash flow, in line with the stronger trading results, is expected to become positive in the second half.
2. Consisting of \$2.1M cash and \$2.1M in undrawn debt facilities.

Financial Results

BPP Group P&L

	31-Dec 2022 (\$)	31-Dec 2021 (\$)
Revenue from contracts with customers	13,674,106	13,701,496
Other income/(expense)	15,229	(1,500)
Cost of sales	(10,305,665)	(11,558,322)
Profit on disposal of PP&E	50,012	114,379
Employee benefits expense	(1,673,391)	(1,576,646)
Administration and corporate expense	(1,084,028)	(1,080,212)
EBITDA	676,263	(400,805)
Depreciation and amortisation	(1,526,300)	(1,377,529)
Finance expense	(440,342)	(608,906)
Loss after tax from continuing operations	(1,290,379)	(2,387,240)

- Steady group revenue of \$13.7M as business pivots to grow higher margin rental segment
- 269% improvement in group EBITDA to \$0.7M
- Elimination of c\$4.5m of convertible loan reducing group finance expense
- 46% improvement in NLAT \$1.29M

H1 FY23 Achievements

Strong earnings growth in H1 FY23

- Strong growth in EBITDA and Operating Cash Flow across the Group
- Higher margin rental revenue up 59% during the period
- Strengthened balance sheet through repayment of c\$4.5M of convertible loan current liability

Advancing rental & water management strategy

- Successful integration of Resource Water Group (RWG) during the period
- Acquisition of specialist rental pump provider RBH Engineering (RBH) post reporting period¹ will add c50 high utilisation rental assets to rental fleet further driving growth
- Both acquisitions absorbed into existing operational base with minimal incremental overheads

Rationalisation of lower margin segments

- Significant restructuring and rationalisation of the maintenance services business increased segment EBITDA 341% with a reduction in segment revenue
- Streamlining operations and elimination of overheads returned Primepower Queensland to profitability during H1 FY23.

New, purpose-built facility

- Relocation to new purpose-built premises post reporting period to facilitate further operational efficiencies in H2 FY23.
- Provides extra capacity and capability for all segments of the business.
- Consolidated operations to provide efficiencies by eliminating movements of equipment and staff to different operational sites.

1. Babylon acquired all shares in RBH effective 31 January 2023

Review of Operations



Specialty Rental

*Advancing growth strategy
with higher margin rental
and water management
services*



- **Key Acquisitions**

BPP is expanding its rental & water management capabilities:

- **Resource Water Group (RWG)** – successfully integrated into the Group during H1 FY23 with works awarded from Rio Tinto, Strandline and Mineral Resources
- **RBH Engineering (RBH)** – to be absorbed into BPP with minimal incremental overheads, resulting in high net margin contributions to financial performance beginning in H2 FY23
- **Increased Utilisation Across Expanded Fleet**
 - Continued high demand for dewatering assets delivering high utilisation – buoyant activity levels in resources sector forecast to continue across multiple commodities
 - Increased utilisation of expanded pumping and vacuum assets in industrial services
- **Progressing opportunities in water treatment and hybrid power rental**
- **Rental Segment Financial Results:**

	Six Months ending 31 December 2022 \$A'000	Six Months ending 31 December 2021 \$A'000	% Change
Revenues	4,123	2,595	+59%
EBITDA	1,336	1,044	+28%

Maintenance Services

Significant improvement in financial performance during H1 FY23



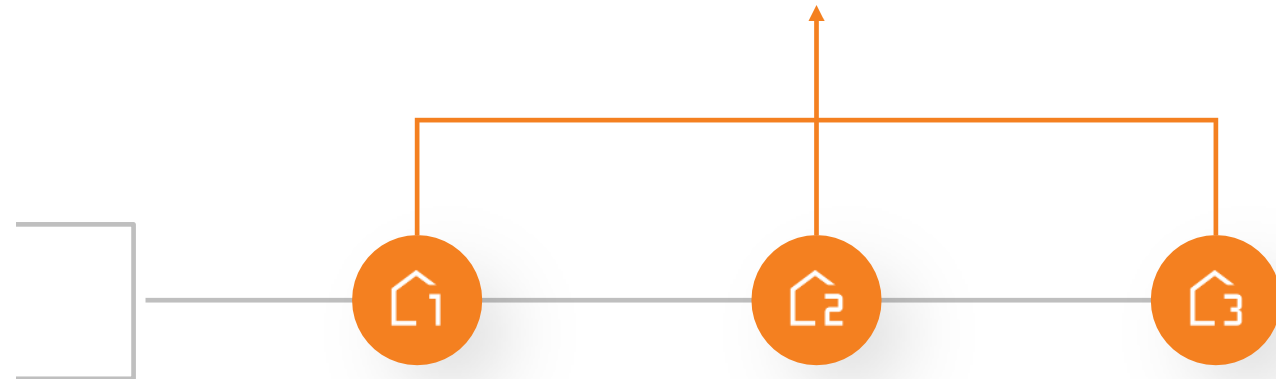
- **Streamlining and Rationalising Maintenance Segment**
 - Streamlining operations and elimination of overheads returned Primepower Queensland to profitability during H1 FY23.
 - Lower margin maintenance segment revenue was reduced 14% in the period as project selection and pricing improved.
 - Segment gross margin improved by 143%
 - Restructuring and rationalisation resulted in segment EBITDA of \$694K representing a 341% improvement.
- **Work in hand and robust sales funnel are expected to maintain current trajectory**
- **Management focus is on reducing stock and inventory in remainder of FY23**
- **Maintenance Segment Financial Results:**

	Six Months ending 31 December 2022 \$A'000	Six Months ending 31 December 2021 \$A'000	% Change
Revenues	9,551	11,106	-14%
EBITDA	694	(288)	+341%

New Facility

Delivering on increasing demand

- New purpose-built facility in High Wycombe, WA, catering for increased demand
- Relocation to new facility completed in January 2023
- Provides efficiencies by having multiple business units located in the one facility, eliminating the multiple other leases



Financial Results

Poised for Growth



Earnings improvement across the Group

- Group consolidated EBITDA improved 269%
- Restructuring and rationalisation of maintenance segment improved financial performance with EBITDA up 341%
- Rental segment EBITDA up 28%



Leveraging strong outlook for Australian resources sector

- Mines with complex water issues
- Environmental regulations and requirements
- Transition to clean energy
- Client capital restrictions



Backed by Improved Balance Sheet

- Repaid c\$4.5M in Convertible Loans
- Completed annual facility review with a 'big four' Australian bank renewing existing facilities



Key focus on rental / water management

- Key strategic acquisitions of RBH Engineering and Resource Water Group expands rental and water management capability
- Demand for specialty water management services forecast to increase across buoyant resources sector



Poised for further strategic and earnings accretive acquisitions

- Identified and initiated discussions on other potential rental acquisitions that are highly complementary to existing business segments



Contact Us



BABYLON
PUMP & POWER LTD

Michael Shelby | Managing Director

 1 Port Place, High Wycombe WA 6057

 +61 477 088 341

 mshelby@babylonpumpandpower.com

 www.babylonpumpandpower.com